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9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **SAN FRANCISCO DIVISION**

12 **In re:**

13 **PG&E CORPORATION,**

14 **- and -**

15 **PACIFIC GAS AND ELECTRIC**
16 **COMPANY,**

17 **Debtors.**

- 18 ☐ Affects PG&E Corporation
19 ☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

20 ** All papers shall be filed in the Lead Case, No.*
21 *19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

REORGANIZED DEBTORS'
NINETY-THIRD OMNIBUS OBJECTION TO
CLAIMS (NO LEGAL LIABILITY CLAIMS)

Response Deadline:
July 14, 2021, 4:00 p.m. (PT)

Hearing Information If Timely Response Made:

Date: July 28, 2021

Time: 10:00 a.m. (Pacific Time)

Place: (Telephonic Appearances Only)

United States Bankruptcy Court

Courtroom 17, 16th Floor

San Francisco, CA 94102

1 **TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**
2 **JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED**
3 **CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:**

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as
5 debtors and reorganized debtors (collectively, “**PG&E**” or the “**Debtors**” or as reorganized pursuant to
6 the Plan (as defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the
7 “**Chapter 11 Cases**”) hereby submit this Ninety-Third Omnibus Objection (the “**Objection**”) to the
8 Proofs of Claim (as defined below) identified in the columns headed “Claims To Be Disallowed and
9 Expunged” and “Claim To Be Reduced” on **Exhibit 1** annexed hereto.

10 **I. JURISDICTION**

11 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334; the *Order*
12 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and
13 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern
14 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28
15 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The
16 statutory predicates for the relief requested are section 502 of Title 11 of the United States Code (the
17 “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy**
18 **Rules**”).

19 **II. BACKGROUND**

20 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary
21 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the
22 Debtors continued to operate their businesses and manage their properties as debtors in possession
23 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed
24 in either of the Chapter 11 Cases. The Chapter 11 Cases are being jointly administered for procedural
25 purposes only pursuant to Bankruptcy Rule 1015(b).

26 Additional information regarding the circumstances leading to the commencement of the
27 Chapter 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in
28 the *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief*
[Docket No. 263].

1 On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a),*
2 *Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for*
3 *Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving*
4 *Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential*
5 *Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set the deadline to file all
6 proofs of claim (each, a “**Proof of Claim**”) in respect of any prepetition claim (as defined in section
7 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire
8 Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the
9 Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and
10 priority claims, against either of the Debtors as October 21, 2019, at 5:00 p.m. Pacific Time (the “**Bar**
11 **Date**”). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire
12 Claimants to December 31, 2019 [Docket No. 4672]¹; and subsequently with respect to certain claimants
13 that purchased or acquired the Debtors’ publicly held debt and equity securities and may have claims
14 against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

15 By Order dated June 20, 2020 [Docket No. 8053], the Bankruptcy Court confirmed the *Debtors’*
16 *and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be
17 further modified, amended or supplemented from time to time, and together with any exhibits or
18 schedules thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective**
19 **Date**”). See Dkt. No. 8252.

20 **III. RELIEF REQUESTED**

21 The Reorganized Debtors file this Objection, pursuant to section 502 of the Bankruptcy Code,
22 Bankruptcy Rule 3007(d)(5), Bankruptcy Local Rule 3007-1, and the *Order Approving (A) Procedures*
23 *for Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus*
24 *Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”),
25 seeking entry of an order disallowing and expunging or reducing Proofs of Claim for which the
26 Reorganized Debtors are not liable (the “**No Legal Liability Claims**”). **Exhibit 1**, which identifies the

27
28 ¹ The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of
Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

No Legal Liability Claims, is comprised of the following:

- **Exhibit 1A** (which are Proofs of Claim to be disallowed and expunged filed by parties who are not current or former employees of the Debtors)
- **Exhibit 1B** (which are Proofs of Claim to be disallowed and expunged filed by parties who are current or former employees of the Debtors)²
- **Exhibit 1C** (which is the Proof of Claim to be reduced).

The No Legal Liability Claims are identified in the columns headed “Claims To Be Disallowed and Expunged” in **Exhibit 1A** and **Exhibit 1B**, and “Claim to Be Reduced” in **Exhibit 1C**. **Exhibit 1** also specifically identifies in the “Basis for Objection” (including multiple bases, where applicable) that the No Legal Liability Claims are classified as any one or more of the following, as discussed further below:

1. Barred By Statute of Limitations
2. Barred By Court Order
3. Barred By Previous Settlement Agreement
4. Payroll Withholding Claims
5. Preempted By National Labor Relations Act (“NLRA”)
6. No Liability Based on Investigation

IV. ARGUMENT

A. The No Legal Liability Claims Should be Disallowed and Expunged or Reduced

The Omnibus Objections Procedures Order supplemented Bankruptcy Rule 3007(d) to permit the Reorganized Debtors to file objections to more than one claim if “[t]he claims seek recovery of amounts for which the Debtors are not liable” or “[t]he claims are objectionable on some other common basis under applicable bankruptcy or non-bankruptcy law” Omnibus Objections Procedures Order, ¶ 2(C)(iii), (vii). Bankruptcy Rule 3007(e) requires that an omnibus objection must list the claimants

² Concurrently with the filing of this Objection, the Reorganized Debtors will be seeking to redact the personally identifiable information of current and former employees. Accordingly, in the exhibits to this Objection, the Reorganized Debtors have segregated the Proofs of Claim filed by parties who are current or former employees of the Debtors from those filed by parties who are not current or former employees.

1 alphabetically and by cross-reference to claim numbers. The Reorganized Debtors and their
2 professionals have reviewed each of the No Legal Liability Claims identified on **Exhibit 1** and have
3 determined, on one or more of the bases below, that each represents a Proof of Claim for which the
4 Reorganized Debtors are not liable.

5 (1) “Barred By Statute of Limitations.” These are Proofs of Claim that fail to state a legal
6 basis for recovery against the Debtors because the underlying causes of action are barred by an applicable
7 statute of limitations. Attached hereto as **Exhibit 2**, which is comprised of **Exhibit 2A** (which are Proofs
8 of Claim filed by parties who are not current or former employees of the Debtors) and **Exhibit 2B** (which
9 are Proofs of Claim filed by parties who are current or former employees of the Debtors), is a list of all
10 Barred By Statute of Limitations Claims, together with a citation to the applicable California or federal
11 statute, the applicable limitations period, and the date of incident for each claim (as determined from the
12 Proof of Claim and/or through investigation by the Reorganized Debtors and their professionals). The
13 claimants seek recovery from the Debtors based on allegations that include (i) personal injury,
14 (ii) property damage, (iii) breach of contract, (iv) statutory liability, including penalties or forfeitures,
15 (v) employment discrimination, and (vi) other miscellaneous causes of action. All of the Barred By
16 Statute of Limitations Claims are governed by California or federal law. Under the applicable California
17 or federal statute of limitations periods identified below, the claimants’ right to bring such claims against
18 the debtors expired prior to the Petition Date. Therefore, the Reorganized Debtors are not liable, and the
19 Barred By Statute of Limitations Claims should be reduced³ or disallowed and expunged.

- 20 a. Personal Injury – 2 years. Cal. Civ. Proc. Code § 335.1.
21 b. Damage to Real or Personal Property – 3 years. Cal. Civ. Proc. Code § 338(b) or (c).
22 c. Breach of Written Contract – 4 years. Cal. Civ. Proc. Code § 337.
23 d. Statutory Liability – 3 years. Cal. Civ. Proc. Code § 338(a).
24 e. Statutory Penalty or Forfeiture – 1 year. Cal. Civ. Proc. Code § 340(b).

25
26
27 ³ Claim No. 56868, identified on **Exhibit 1C** and **Exhibit 2A**, is the only No Legal Liability Claim that
28 the Reorganized Debtors are seeking to reduce through this Objection, as a portion of the claim based
on statutory liability is not barred by the applicable statute of limitations. All other No Legal Liability
Claims are to be disallowed and expunged in their entirety.

1 f. Employment Discrimination (California) – 1 year. Cal. Gov’t Code § 12960 *et seq.*⁴

2 g. Employment Discrimination (Federal) – 300 days. 42 U.S.C. § 2000e-5.

3 h. “Catch-All” Statute – 4 years. Cal. Civ. Proc. Code § 343.

4 (2) “Barred by Court Order.” These Proofs of Claim were also asserted by the Claimants
5 and relate to prepetition litigation against the Debtors. The Reorganized Debtors are not liable for
6 these claims because they were previously disposed of pursuant to an order by a court of competent
7 jurisdiction other than the Bankruptcy Court. Therefore, the Barred By Court Order Claims should be
8 disallowed and expunged.

9 (3) “Barred by Previous Settlement Agreement.” These Proofs of Claim are each subject to
10 a valid and enforceable settlement agreement with or on behalf of the claimant that has been satisfied in
11 full by the Debtors, either in the ordinary course of business or pursuant to an order by a court of
12 competent jurisdiction other than the Bankruptcy Court. Therefore, because the Reorganized Debtors
13 have satisfied the underlying liability for these Claims pursuant to those settlement agreements, the
14 Barred By Previous Settlement Agreement Claims should be disallowed and expunged.

15 (4) “Payroll Withholding Claims.” These are Proofs of Claim for which the claimants – who
16 were current or former employees of the Debtors – dispute the Debtors’ legal authority to withhold
17 payroll taxes, and therefore oppose the Debtors’ compliance with the applicable federal and state laws
18 regarding such withholding. The Debtors are unaware of any legal basis on which such a claim can be
19 asserted. Accordingly, the Reorganized Debtors have determined they are not liable for these amounts
20 and the corresponding Proofs of Claim should be disallowed and expunged.⁵

21 (5) “Preempted by NLRA.” Each of these employment-related claims is duplicative of a
22

23 ⁴ Cal. Gov’t Code § 12960 was amended after the Petition Date, in October 2019, by Assembly Bill 9,
24 which extended the period to file employment discrimination claims with the Department of Fair
25 Employment and Housing from one year to three years. The amendment does not revive lapsed
claims. All employment discrimination claims that are the subject of this Objection were time-barred
under the 1-year statute as of the Petition Date.

26 ⁵ The Reorganized Debtors are aware of the previous filings by the Payroll Withholding Claimants in
27 these Chapter 11 Cases. *See, e.g.*, Dkt. Nos. 10752, 10753, and 10754. The process for claims
28 administration in these Chapter 11 Cases is controlled by the Bankruptcy Code, Bankruptcy Rules,
Bankruptcy Local Rules, and the Orders of this Court. The question of disallowance of the Payroll
Withholding Claims is now before the Court, and the Payroll Withholding Claimants will have the
opportunity to defend their Claims by responding to this Objection.

1 grievance filed pursuant to a collective bargaining agreement, or is a claim that is required to be filed as
2 a grievance pursuant to a collective bargaining agreement, and, accordingly, these Proofs of Claim are
3 preempted by the National Labor Relations Act, pursuant to which such grievance proceedings are the
4 sole means through which the claimants may seek redress for their claims. Labor grievance proceedings
5 arising under collective bargaining agreements were not subject to the automatic stay of 11 U.S.C.
6 § 362(a) during these Chapter 11 Cases. *See Shugrue v. Airline Pilots Association, (In re Ionosphere*
7 *Clubs, Inc.)*, 922 F.2d 984, 990 (2d. Cir. 1990) (“Congress intended that the collective bargaining
8 agreement remain in effect and that the collective bargaining process continue after the filing of a
9 bankruptcy petition unless and until the debtor complies with the provisions of § 1113.”). Pursuant to
10 Section 8.6 of the Plan, the Debtors assumed the Collective Bargaining Agreements (as such term is
11 defined in the Plan), and, as such, any right the claimants may have to pursue their grievances are not
12 impacted by the Plan. Accordingly, the Reorganized Debtors have determined that the corresponding
13 Proofs of Claim should be disallowed and expunged.

14 (6) “No Liability Based on Investigation.” These are Proofs of Claim where the Reorganized
15 Debtors, after conducting a thorough review of the Proof of Claim, concluded that there is no basis for
16 liability. The Reorganized Debtors’ review of each Proof of Claim consisted of (i) a review of
17 information submitted by the Claimant in connection with the respective Proof of Claim, and (ii) an
18 investigation by PG&E of the facts alleged by the Claimant. In each instance, the Reorganized Debtors
19 determined that the claim was not valid and the investigation discovered no basis for the claim.
20 Accordingly, the Reorganized Debtors have determined they are not liable for these amounts and the
21 corresponding Proofs of Claim should be disallowed and expunged.

22 Each of the Claimants is listed alphabetically, and the claim number and amount are identified
23 in accordance with Bankruptcy Rule 3007(e). Furthermore, in accordance with the Omnibus
24 Objections Procedures Order, the Reorganized Debtors have sent individualized notices to the holders
25 of each of the No Legal Liability Claims.

26 **B. The Claimants Bear the Burden of Proof**
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1 A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C.
2 § 502(a).⁶ Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim
3 may not be allowed if “such claim is unenforceable against the debtor and property of the debtor, under
4 any agreement or applicable law.” 11 U.S.C. § 502(b)(1). Once the objector raises “facts tending to
5 defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves,”
6 *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on*
7 *Bankruptcy* § 502.02 at 502-22 (15th ed. 1991), then “the burden reverts to the claimant to prove the
8 validity of the claim by a preponderance of the evidence,” *Ashford v. Consolidated Pioneer Mortgage*
9 *(In re Consolidated Pioneer Mortgage)*, 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re*
10 *Allegheny Int’l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff’d without opinion* 91 F.3d 151 (9th Cir.
11 1996). “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623 (quoting
12 King, *Collier on Bankruptcy*); *see also Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039
13 (9th Cir. 2000); *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (B.A.P. 9th Cir. 1993); *In re Fidelity*
14 *Holding Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

15 As set forth above, the No Legal Liability Claims assert amounts for which the Reorganized
16 Debtors are not liable and, therefore, should be disallowed and expunged in their entirety or reduced. If
17 any Claimant believes that a No Legal Liability Claim is valid, it must present affirmative evidence
18 demonstrating the validity of that claim.

19 **V. RESERVATION OF RIGHTS**

20 The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of
21 the Proofs of Claim listed in this Objection on any ground, and to amend, modify, or supplement this
22 Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs
23 of claims filed in these cases, including, without limitation, objections as to the amounts asserted therein,

24 ⁶ Upon the Reorganized Debtors’ request, the deadline under Section 7.1 of the Plan for the Reorganized
25 Debtors to bring objections to Claims initially was extended through and including June 26, 2021 (except
26 for Claims of the United States, which deadline was extended to March 31, 2021) [Docket No. 9563].
27 That deadline has been further extended through December 23, 2021, except for Claims of the California
28 Department of Forestry and Fire Protection, which deadline was extended to September 30, 2021,
without prejudice to the right of the Reorganized Debtors seek further extensions thereof [Docket No.
10494]. The deadline with respect to Claims of the United States has been further extended by stipulation
and order [Docket Nos. 10459, 10463].

1 or any other claims (filed or not) against the Debtors, regardless of whether such claims are subject to
2 this Objection. A separate notice and hearing will be scheduled for any such objections. Should the
3 grounds of objection specified herein be overruled, wholly or in part, the Reorganized Debtors reserve
4 the right to object to the No Legal Liability Claims on any other grounds that the Reorganized Debtors
5 may discover or deem appropriate.

6 **VI. NOTICE**

7 Notice of this Objection will be provided to (i) holders of the No Legal Liability Claims; (ii) the
8 Office of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.);
9 (iii) all counsel and parties receiving electronic notice through the Court's electronic case filing system;
10 and (iv) those persons who have formally appeared in these Chapter 11 Cases and requested service
11 pursuant to Bankruptcy Rule 2002. The Reorganized Debtors respectfully submit that no further notice
12 is required. No previous request for the relief sought herein has been made by the Reorganized Debtors
13 to this or any other Court.

14 WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the
15 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the
16 best interests of their estates, creditors, shareholders, and all other parties' interests, and (ii) such other
17 and further relief as the Court may deem just and appropriate.

18 Dated: June 17, 2021

KELLER BENVENUTTI KIM LLP

19 By: /s/ Thomas B. Rupp
20 Thomas B. Rupp

21 *Attorneys for Debtors and Reorganized Debtors*
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